AMO REPORTS 84-3

ENERGY CONTINGENCY PLANNING FOR MUNICIPAL OPERATIONS

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO
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ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Association of Municipalities of Ontario, a non-partisan voluntary organization, is united to promote the values of the municipal government system and the status of the municipal level of government as a vital and essential component of the total intergovernmental framework of Ontario and Canada.

The Association acts as the collective voice of Ontario's municipal governments and is organized to accomplish through cooperation and coordination, what the majority have neither the time nor the resources to do individually.

The Association represents some six hundred (600) municipal governments throughout Ontario. The governing body is composed of some eighty (80) municipal elected and appointed officials, who in turn represent a wide-range of municipal government interest.

The following sections and affiliated municipal professional associations form an important part of the Association's structure and therefore, play an important part in its activities in terms of the Board of Directors, program and policy development:

Association Sections:

* County and Regional Section
* Large Urban Section
* Northern Ontario Section (FONOM/NOMA)
* Rural (ROMA) Section
* Organization of Small Urban Municipalities Section

Association Affiliates:

* Association of Municipal Clerks and Treasurers of Ontario
* Association of Municipal Tax Collectors of Ontario
* Municipal Engineers Association
* Ontario Municipal Administrators Association
* Ontario Municipal Personnel Association
* Ontario Municipal Social Services Association
* Society of Directors of Municipal Recreation of Ontario

To the Municipal Clerk:

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ENERGY CONTINGENCY PLANNING FOR MUNICIPAL OPERATIONS

1. INTRODUCTION

During and following the fuel crisis in 1974, few Canadian and American municipalities developed energy contingency plans. Similarly, they were unprepared for the crisis in mid-1979. Given the volatility of future energy supplies and the economic hardship incurred from previous shortages, especially in the United States, it is important that procedures be established for dealing with a shortfall in the energy supply.

2. FEDERAL ROLE

Canada is a member of the International Energy Agency (I.E.A.) which is a body within the Organization for Economic Co-operation and Development (O.E.C.D.). If any country or group of countries within the I.E.A. experiences a minimum seven per cent shortage of oil, the group as a whole is obliged to share the burden by contributing oil to the affected nation(s). Thus, Canada would be either directly or indirectly affected by an oil embargo.

To deal effectively with such a potential situation, the federal government passed the Emergency Supplies Act in 1979 and formed the Energy Supplies Allocation Board (E.S.A.B.). The Act empowers the Governor-in-Council to declare a national emergency in the event of an actual or anticipated petroleum shortage or a disturbance in the petroleum market serious enough to affect national security, health and economic stability. The E.S.A.B. administers the product allocation program which is aimed at equitably distributing available supplies of petroleum products at the wholesale level during the duration of an emergency. The Board is responsible for designing the program, updating it, obtaining and monitoring relevant energy consumption data, communicating the plan to the public and industry and ensuring that provincial government support is obtained.

Under the allocation plan, a gradual interruption of petroleum supply is to be alleviated through a demand restraint and conservation program. However, if the situation worsens, then more restrictive measures such as mandatory allocation, are implemented. In the case of a significant shortage in petroleum whereby an emergency is declared, the following three-phased procedure has been developed:

i) implement a crude oil allocation program whereby the equitable allocation of crude oil to refineries is ensured

ii) implement a product allocation program which allocates, maintains and controls the distribution of available supplies of petroleum products at the wholesale level

iii) implement motor gasoline rationing to control the consumption of motor gasoline at the retail level

Thus, the federal government's mandatory allocation of petroleum supplies will have a significant impact on municipal operations.

3. PROVINCIAL ROLE

The Provincial Governments participate in tne operation of the products allocation program. Since the E.S.A.B. must ensure that the program is acceptable to the provinces, the provinces must be aware of the implications of the federal program in their regions, if implemented.

In 1979, the Province of Ontario began examining energy contingency planning in terms of developing measures to "restrain demand" for supplies, such as regulating the hours of retail business. Two years later, an office was established to co-ordinate provincial activities and assess implications of federal policies. This has included assessing various demand restraint measures which should be used both in terms of their priority for implementation as well as the preference for measures used under various shortage scenarios.

The next step in the process will be to develop guidelines for municipalities which will assist in developing local energy contingency plans. In order to ensure that effective guidelines are developed that take into account municipal experiences and special situations, the Association of Municipalities of Ontario (AMO) believes that the province should consult AMO at the beginnning of this process.

Therefore AMO recommends:

1. That the Province of Ontario provide guidelines for municipalities regarding the development of energy contingency plans.

2. That the province consult the Association of Municipalities of Ontario when developing municipal energy contingency plan guidelines.

4. MUNICIPAL ROLE

The municipal level of government is the closest government to the people. It is involved in providing a wide range of programs and services for its residents ranging from refuse collection, and fire and police protection, to social housing, parks and recreation services and social services. Municipalities not only function as an administrative body, but also serve as a valuable resource and level of government which can be relied upon to deal directly with the myriad of issues concerning their citizenry. Furthermore, in this respect, municipalities have the most knowledge about the potential for local energy savings in their own operations as well as in community affairs. Thus, municipal governments have an important role to play in planning for an energy shortage in order to ensure that essential services can be maintained.

There are four major areas which a municipality should consider when developing a strategy for an energy shortfall. They are as follows:

i) Planning Authority:

Formal commitment to developing the contingency plan should be obtained before starting in order to ensure support and responsiveness to the plan when completed. This can occur in a number of ways such as a resolution from council, a directive from the Mayor, or an order from the senior administrative person of the municipality.

The Association recommends:

3. That municipalities make a formal commitment to commence the preparation of an energy contingency plan.

ii) Planning Team:

The energy contingency plan outlines measures for all municipal departments. Thus, involvement of representatives from the affected groups is essential to ensure a well-developed plan.

To achieve proper co-ordination and input, advisory committees or task forces may be developed along with the appointment of a co-ordinator. The planning co-ordinator has the overall responsibility

for organizing and developing the plan. This task may be given to the existing energy co-ordinator or energy office or to an appropriate department within the municipality. It is important that the planning function be centralized in order to ensure a co-ordinated planning process.

Inter-departmental committees, response teams, or committees are established to provide input from the various departments and to create an awareness of the planning activities throughout the municipal corporation. As with the many energy conservation committees established in municipalities throughout Ontario, the contingency planning committee should be comprised of departmental heads and senior officials to ensure commitment to the plan.

Therefore AMO recommends:

4. That municipalities appoint an overall co-ordinator and form an inter-departmental planning team to ensure that a co-ordinated and representative energy contingency plan is designed.

iii) Plan Preparation:

A contingency plan should provide guidance for the municipality by defining tasks and preassigning people to be responsible for completing those tasks in the event of a shortage. The following is an example of the steps undertaken by one municipality in preparing a contingency plan:

a) Classification of Departmental Activities and Operations:

Each department identified the number of vehicles and equipment associated with each activity and by the type of fuel used. Also, base year consumption was quantified for each activity based on the latest calendar year for which data was available.

The specific details of the classification for activities varied among departments. These classifications were reviewed during their development and upon finalization by the contingency planning committee.

b) Priorization of Activities:

Each activity was priorized as follows:

Essential - activity and fuel supply must continue
Adaptable - activity can continue with reduced fuel supply or alternative methods
Deferable - activity can be discontinued and/or fuel not required

Based on these priorities, a designation level of reduction, "A", "B" and "C", was assigned to each classification of activities. Activities under category "A" would continue to receive 100 per cent of the base year consumption, "B" 90 per cent, and "C" 80 per cent. Furthermore, variable rates of reduction were assigned to each level with category "A" having a five per cent variable reduction rate, "B" five per cent and 10 per cent, and category "C" five per cent, 10 per cent and 15 per cent.

The classification of "A" "B", and "C" applied to each department as a whole. However, the targetted level of reduction could be achieved by reducing levels of consumption uniformly as a whole or by assigning greater reductions to specific activities within the department.

c) Identify Contingency Measures and their Impacts:

The final stage was to describe and quantify the measures required to obtain the assigned level of reduction in fuel consumption. It was suggested that these measures be specific and realistic as well as include alternative courses of action. Furthermore, the impact of these actions in terms of the level of service and their costs, was to be identified.

The Association recommends:

5. That in preparing energy contingency plans, municipalities should:

a) classify their activities and operations,
b) collect data on the amount and type of fuel consumption for each activity,
c) priorize activities,
d) develop contingency measures, and
e) assess the impact of these measures on the municipal operations.

iv) Communication:

Effective communication between the local municipality and the second tier level of government is essential in order to develop a complementary and co-ordinated energy contingency plan. Consideration should be given to defining the role of counties and regions so that a working relationship is established between the second tier and local level of government.

In a crisis situation the need for the smooth and effective flow of information is also essential. This includes a communication network within the municipal corporation, within the community, as well as among other government bodies and agencies.

Within the municipality, individuals from different departments should be assigned the responsibility of collecting data if required, such as fuel consumption, as well as disseminating information to the appropriate senior officials within the department. Furthermore, methods of informing the community as well as dealing with requests for information should be developed by the municipality and appropriate contact people should be designated for such services.

A communication plan with the Provincial and Federal Governments is important for informing the municipality of any current developments, further mandated reductions, or any assistance programs made available. The municipality may also want to examine the possibilities for interlocal agreements such as sharing equipment and services among jurisdictions in order to avoid duplication and waste. Furthermore, the municipality may wish to consult fuel suppliers regarding their contingency plans and the match of these plans with those of the local government. In addition, wholesale suppliers should be contacted and informed of the corporation's established priorities and the locations where supplies will be allocated.

Therefore AMO recommends:

6. That local municipalities work with the second tier level of government to ensure that a co-ordinated and complementary contingency plan is developed.

7. That in order to ensure an orderly and effective flow of information, municipalities should develop a communication plan for:

a) the municipal corporation and its related municipal jurisdictions
b) the community, and
c) the municipality and the appropriate federal and provincial bodies.

5. CONCLUSION

Municipalities have a responsibility to provide essential services within their community while at the same time, they have a limited amount of capital available to pay for higher-priced fuels required for delivering these services. Thus, a municipal energy contingency plan is important to prepare in order to effectively meet municipal needs during an energy shortage. The goal of the contingency plan is to develop a "readiness" at the municipal level which will complement federal and provincial initiatives at the same time as allowing for special local needs to be recognized.

6. SUMMARY OF RECOMMENDATIONS

1. That the Province of Ontario provide guidelines for municipalities regarding the development of energy contingency plans.

2. That the province consult the Association of Municipalities of Ontario when developing municipal energy contingency plan guidelines.

3. That municipalities make a formal commitment to commence the preparation of an energy contingency plan.

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   c) priorize activities,
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